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OLYMPIA, June 16, 2000 --- The June 2000 economic and revenue forecast incorporates an expected \$5 billion reduction in software wage income due to the decline in Microsoft's stock price. However, the national outlook for output, income, and employment is so much improved that the June economic and revenue forecast is substantially higher than the forecast adopted in February. Very strong revenue collections since February also support a higher forecast.

The General Fund-State revenue forecast for the 1999-01 biennium is \$21,072.5 million, an increase of \$229.6 million since the February forecast. Collections in the four months since the February forecast was adopted were \$89.5 million higher than expected. The forecast for the remainder of the biennium is \$143.1 million higher due to economic factors but legislation enacted during the 2000 legislative session cost the General Fund \$3.1 million. The General Fund-State revenue forecast for the next biennium is \$22,604.3 million, an increase of \$70.6 million since February. The 2001-03 forecast change due to economic factors was \$73.6 but legislation reduced the forecast by \$3.0 million.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 1999-01 biennium. The forecast based on more optimistic economic assumptions netted \$359 million more revenue than did the baseline forecast while the pessimistic scenario was \$438 million lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$63 million more revenue than did the baseline forecast.

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